

### **Restoring the Promise**

*Remarks as Prepared for Lt. Governor John Garamendi*

*November 7, 2008*

Thank you all for joining us today to talk about what weighs most on the minds of Californians - the economy and what our budget woes mean to struggling families across the state. I am honored to be joined by leaders from labor, education and healthcare to talk to you about the importance of acting immediately and thoughtfully to do what is best for the state of California.

For those of you not into number crunching let's look at the big picture of where we are as a state and where we must go.

As JFK so eloquently put it in 1962, "the economy and economic statistics are really a story of us as a country, and these statistics tell whether we are going forward or standing still or going backward." At a time when the nation and California are in a major economic downturn with a credit crisis, job losses and home foreclosures, the statistics tell us that at best we are standing still.

These numbers and this climate may seem grim, but it does not have to be that way. This is California. We have all of the resources, especially our human potential, and most certainly the wealth we need to get us back on track. The current economic climate and severe budget crisis should not prompt us to point of fingers or retreat to ideological corners. It must serve as a way to lift an already struggling state. The challenge we face should inspire us to do more and propel us into the hard work and action we must take to jumpstart this economy and reclaim our spot as an economic leader on the world stage.

The time is now for us to put a spotlight on the sheer smallness of our politics when compared with the truly tough but achievable work we must do to restore our promise as a state.

In a complex world that craves simple and frank answers for tough issues let me give you a one word solution to the crisis at hand: investment.

President Clinton, at the nation's helm during economic prosperity, said, "If we want to invest in the prosperity of our nation, we must invest in the education of our children so that their talents may be fully employed." Never is this truer than in California today. We must stop the devastating cuts that place education, and the promise of our children's future, on a starvation diet.

Investing is not a foreign concept in California. In fact, it is what our leaders, beginning with the very first pioneers, have always done. Sound investments in education, innovation and infrastructure built this great state into one of the wealthiest and most prosperous economies in the world. Now is the time to stand up and re-affirm our history.

As you all know, yesterday, the Governor called a special session of the legislature to address an 11 billion dollar deficit. I applaud the Governor for taking the immediate action to solve a crisis. I am encouraged by the Governor's inclusion of a stimulus package as well as a plan for addressing the mortgage crisis. Most of all, I am encouraged that the Governor has made it clear that California now faces a revenue problem, not a spending problem.

As I have said time and time again, in order to solve any budget crisis, the state must follow the lead of the three most conservative Governors to serve in the last sixty years- Reagan, Deukmejian, and Wilson. When faced with a severe budget crisis, all three Governors used the three R's to solve the crisis: reform, reductions and revenue. There is also a fourth R- return federal tax dollars to our state.

Reform is a vital component and is essential to gaining the trust and respect of the public to ensure support for a working budget that will produce surpluses and not deficits. Unfortunately the serious reforms our state so desperately needs were not part of the September budget and today, California faces an emergency requiring immediate action. I look forward to working with the Governor and legislature and these leaders here today to implement serious reform in the coming months.

The second component of any responsible budget is cuts. Let me make this abundantly clear, cuts are a vital piece of any responsible budget and should be the first thing addressed. That being said, the cuts for this year's budget have already been made to the tune of over 10 billion dollars. Vital services from healthcare to education and everywhere in between have already been slashed with mid-year cuts and the budget passed in September. These cuts devastated already strapped services and the public was left reeling.

As we enter the special session, an additional 4.5 billion dollars in cuts are now on the table with over 2 billion dollars aimed at the already struggling education system. This is the same education system that includes one of the lowest rated and funded k-12 programs in the nation. We must now draw the line on cuts and shift the focus to the third component of any responsible budget- revenue.

Revenue is an important part of any balanced and responsible budget because it allows the state to fund vital services and place dollars into sectors that will further grow and stimulate the economy. These positive economic effects can be seen all the way down to the local level. Approximately three out of four dollars spent from the state's general fund go to local communities, individuals and businesses. This revenue and these dollars flowing into local communities increase demand for goods and services and are the key component to lift up an economy struggling with a recession.

The Governor has put forward revenue proposals that include a one and a half cent sales tax, an oil severance tax, expanding the sales tax to some services and an alcohol tax. I applaud him for putting these on the table but we need more revenue to close the gap. Additional revenue sources such as the progressive and environmentally sound vehicle license fee have been offered by legislative leaders and will get us closer to the revenue needed to fund critical services that will in turn stimulate our economy. And let us not forget the fourth "R", return

federal tax dollars. We should all be working together today to collect our share of the federal tax dollars that we have already paid.

California is at a crossroads. There is no question about that. But at times of crisis come great opportunity. What we all need to understand is that we have the wealth and human resources necessary to solve this crisis. It is right here in our state, in the people from Siskiyou Mountains to the San Diego Beaches. Let us tell the leaders of our state to look no further and not to cut any deeper. Instead, we must do what we have always done and what has propelled us to a leadership role on the world stage: invest in what we believe in, the people of California.